in the current session of the Parliament for setting up the National Tax Tribunal. This will expedite resolution of tax related cases and also facilitate early recovery of tax arrears.

Consolidated merger of PSU banks

1966. SHRI CHO S. RAMASWAMY: Will the Minister of FINANCE be pleased to state:

(a) whether it is **a** fact that Government propose to come up with the scheme of consolidation of banks by merging them with each other;

(b) whether the Cabinet nod has been taken for this purpose;

(c) by when it is likely to be implemented;

(d) what are the banks which are being taken up for consolidated mergers;

(e) what will be the impact on the performance of these banks after the mergers; and

(f) what is the level of performance of the PSU banks *vis-a-vis* the private sector banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (d) The initiative for consolidation has to come from the management of the banks themselves with the Govt, playing a supportive role as common shareholder. No directive on consolidation has been issued by the Govt. or RBI.

(b) and (c) Do not arise.

(e) Consolidation would allow economies of scale in terms of footprint, manpower and other resources. Having Indian Banks of a larger size would enable them to face competition arising from internationalization of the economy. Larger size also entails better management of risk. Small and weak banks pose systemic risks with their low capital adequacy ratio and high NPA's. Consolidation is a timely response to augment efficiency which would lead to income generation and add to GDP of the country.

(f) The performance indicators of banks in public and private sector are as under:-

Item	Public sector banks		Private sector banks	
	2003	2004	2003	2004
Income	128464	137677	30675	33153
Expenditure	98749	98127	24609	24945
Deposits	1079117	1226838	207174	268549
Advances	549344	632740	138949	170899
Investment	545639	625678	107323	134801
Operating Profits	29715	39550	7237	8366
Net Profits	12295	16622	2958	3481

Disbursal of educational loan

1967. SHRI T.T.V. DHINAKARAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that Public Sector Banks demand satisfactory third party guarantee and a collateral security of suitable value for disbursing educational loans to students in violation of the assurance given by Government;

(b) whether Government would instruct the banks to stop demanding such securities;

(c) the number of disbursal of educational loans during the last three years, State-wise; and

(d) the number of loan applications rejected on various grounds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALWIMANICKAM): (a) and (b) In consonance with the Budget announcement for the year 2004-05, Indian Banks' Association (IBA) has issued a revised circular dated August 31,2004 to all member banks not to ask for any security on loans up to Rs. 4 lakh. For loans above Rs. 4 lakh and upto Rs. 7.5 lakh collateral in the form of a suitable third party guarantee is taken. For loans above Rs. 7.5 lakh collateral security of suitable value or suitable third party guarantee alongwith the assignment